

2002-2008 STATEWIDE CAPITAL IMPROVEMENTS PLAN

**Capital Planning Advisory Board
of the
Kentucky General Assembly**

NOVEMBER 1, 2001



CAPITAL PLANNING ADVISORY BOARD

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EXECUTIVE SUMMARY

2002-2008 Statewide Capital Improvements Plan



EXECUTIVE SUMMARY

The Capital Planning Advisory Board

The Capital Planning Advisory Board (CPAB) was established by Senate Bill 46, as enacted by the 1990 General Assembly and codified as KRS Chapter 7A. This legislation was based on a recommendation of the Debt Capacity Task Force established by the 1988 General Assembly, which noted that evaluating how much debt the Commonwealth should have requires an accurate assessment of its capital needs. KRS Chapter 7A, the enabling statutes for the Capital Planning Advisory Board, is provided as Appendix A.

The CPAB has fifteen members — five appointees from each branch of state government. Pursuant to statute, the Board is to create a six-year comprehensive statewide capital improvements plan, encompassing all state agencies and postsecondary institutions, to be submitted to the heads of the three branches — the Governor, the Chief Justice, and the Legislative Research Commission — by November 1 of each odd-numbered year. This enables the comprehensive capital plan to be used in the subsequent budget process and legislative session.

The CPAB has previously completed and submitted five statewide capital improvements plans. Recommendations from these plans are listed in Appendix B.

Previous plans were identified by the six-year period beginning with the current biennium such that the 1998-2004 Plan included status reports on projects authorized for 1998-2000 and planning data for projects proposed for 2000-02 and 2002-04. In July 2000, the Board directed that, consistent with KRS Chapter 7A, the plans should reflect six-years (three biennia) of proposed projects. Thus, *the plans are now identified by the six-year period for which planning data are provided*—the 2002-2008 plan reflects projects proposed for 2002-04, 2004-06, and 2006-08.

The 2002-2008 Planning Process

Guidelines for state agencies and postsecondary education institutions to use in submitting their individual 2002-2008 capital improvements plans were approved by the CPAB at its December 1, 2000, meeting. The capital plans were required to include, for all three biennia, construction projects costing \$400,000 or more each, state-administered grant/loan programs that are included in the capital budget, and court facility projects where the annual use allowance for the new or renovated space is \$200,000 or more. Additionally, for the first biennium of the planning period only (2002-04), the plans were to include equipment items

costing \$100,000 or more each and information technology systems costing \$400,000 or more each. The guidelines stipulated that the plans were to include the following five sections:

Section I: Cabinet / Agency Overviews - Information to provide a context for consideration of the agency's plan (agency mission, factors affecting capital needs and priorities, changes from the last plan, recent capital-related studies, availability of off-budget funds to address capital needs).

Section II: Space - Identification of space currently administered or occupied by the agency and anticipated future space needs.

Section III: Currently Authorized Projects - Status information on projects with current biennium authorization (2000-02).

Section IV: Planned Capital Projects - Planning information on projects proposed for the upcoming three biennia (2002-04, 2004-06, and 2006-08). In a change from previous plans, priority rankings were to be provided only for projects proposed for 2002-04 to be financed from the state General Fund or General Fund-supported bonds, or from the state Road Fund.

Section V: Maintenance - Listing of projects costing between \$50,000 and \$400,000 each needed during the planning period. (This section replaced the inclusion of individual miscellaneous maintenance pools as planned capital projects.)

Submissions were to be provided in the Board-approved electronic format which was developed by staff of the Governor's Office for Policy and Management (GOPM).

In February 2001, CPAB staff, assisted by staff of GOPM, conducted three half-day sessions to review the capital planning forms and instructions (including the related computer software) with agency and postsecondary education planning personnel.

At an April 2001 meeting, as has been its practice in the past, the Board voted to request that the Office of the Chief Information Officer (CIO) and the Council on Postsecondary Education (CPE) provide recommendations to the Board on their review of the information technology and postsecondary education projects, respectively.

Agency capital plans were due on April 15, 2001. CPAB staff reviewed the submissions to ensure that all required information had been provided, then developed summaries highlighting each agency's current projects, space needs, proposed projects, and other relevant issues.

The Board conducted a two-day meeting in July 2001 to review the capital plan submissions and to hear testimony from agency and institutional representatives regarding their planning priorities. At an August meeting, the Board received and reviewed recommendations which it had requested in April from the CIO and the CPE. (Those reports, including a prioritized listing of information technology projects from the CIO, are provided as Appendices C and D.)

Additional Board meetings in September and October of 2001 focused on development of the 2002-2008 statewide plan recommendations, based primarily on information contained in the plan submissions, the CIO and CPE reports, and testimony from agency and institutional representatives. (Since projects included in capital budget requests of the agencies and postsecondary education institutions are required to be submitted in the capital plan, amendments were allowed until October 1.) On October 26, 2001, the Board gave final approval to the *2002-2008 Statewide Capital Improvements Plan* for submission to the heads of the three branches of government.

The 2002-2008 Agency Plans

Plans submitted by the agencies and postsecondary institutions contained approximately 1,500 projects from all three branches of government. Two-thirds of the projects were proposed to be undertaken in the first biennium of the planning period (2002-04). The total estimated cost of all of the proposed projects was approximately \$7.5 billion of which \$5.0 billion would be financed from the General Fund (cash or bonds). Construction projects comprised seventy-eight percent of the total (1,024 items with a cost of \$5.9 billion).

Policy Recommendations

The *2002-2008 Statewide Capital Improvements Plan* includes policy recommendations on various capital-related issues. They are as follow:

Funding for Major Capital Renewal and Maintenance - The Board recommends that legislation be enacted by the 2002 General Assembly to establish programs to fund major capital renewal and maintenance needs of state facilities.

Funding for Maintenance Pools - The Board recommends the following regarding funding for agency maintenance pools:

- ◆ That the 2002-04 and subsequent budgets include a maintenance pool for each agency with responsibility for administering/managing state property.
- ◆ That in preparing the 2002-04 and subsequent budgets, funding for maintenance pools be calculated in an equitable manner across all agencies and that an appropriate offset to the calculated need for state funds be established for those agencies with restricted or facility-generated funds available to use for this purpose (e.g., Center for the Arts, State Fair Board).
- ◆ That a goal be established to achieve maintenance pool funding of at least \$1.50 per square foot annually for all agencies by FY 2005/06.
- ◆ That the Governor's Office for Policy and Management and the Department for Facilities Management work to develop a formula for maintenance pool funding that takes into account not only square footage, but also condition of facilities and other relevant factors. Periodic reports on this effort should be presented to the Capital Planning Advisory Board.
- ◆ That when Investment Income revenues are insufficient to adequately finance the agency maintenance pools, the state General Fund or other appropriate revenues should be used.

Construction of a New State Office Building in Franklin County - The Board recommends that the 2002-04 budget provide for the construction of a new building in Franklin County to house state offices. (In its 2002-2008 capital plan, the Finance and Administration Cabinet has proposed the construction of 350,000 SF of new state-owned space for Franklin County. This CPAB-recommended facility would be separate and apart from the new Executive Office Building that is proposed in conjunction with the Capitol Restoration/Renovation project.)

Replenishing the Budget Reserve Trust Fund - The Board recommends that the Governor and General Assembly place a high priority on replenishing the Budget Reserve Trust Fund as quickly as possible to a level that represents three to five percent of General Fund revenues.

Responsibilities and Resources of the Department for Facilities Management - The Board recommends that KRS 42.027 be amended to specify that the Department for Facilities Management (DFM) shall have the authority and primary responsibility for developing and implementing policies applicable to all state agencies to ensure effective planning for and efficient operation of state offices and shall provide appropriate assistance regarding the planning and efficient operation of all state facilities.

The Board recommends that additional resources (funding and personnel) be provided to the DFM in the 2002-04 and subsequent biennial budgets to address the expanded responsibilities that the Department has assumed in recent years and that are anticipated in the future.

Development and Implementation of a Real Property/Facilities Management Database - The Board recommends that KRS 42.027 be amended to include in the duties and responsibilities of the Department for Facilities Management (DFM) the development and maintenance of a comprehensive real property/facilities management database for the Executive Branch, and to specify that all state agencies and postsecondary institutions are to work cooperatively with the DFM in this effort.

Following a complete evaluation of the needs and a determination of the cost of a database to meet the needs, the Board also urges the Secretary of the Finance and Administration Cabinet to allocate amounts from the Capital Construction and Equipment Purchase Contingency Fund to address non-recurring costs associated with implementing the project.

Facilitation of Effective/Efficient Housing of State Agencies - The Board recommends that KRS 45.770 be amended to allow the Capital Construction and Equipment Purchase Contingency Fund to be used for moving/relocation expenses to facilitate achieving the goal of housing of agencies in state-owned space (rather than leased facilities), and the goal of consolidation of agencies housed in multiple leased sites.

The Board recommends that the Finance and Administration Cabinet identify and propose other legislative changes for action by the 2002 General Assembly that would enhance the Department for Facilities Management's ability to carry out its responsibilities relative to the housing of state agencies.

Leasing of VA Property to House Eastern State Hospital Functions - The Board endorses and recommends that the Executive and Legislative Branches approve the proposal by the Cabinet for Health Services to lease space at the Veterans' Affairs Medical Center in Lexington to house Department for Mental Health and Mental Retardation Services functions now located on the Eastern State Hospital campus.

Energy Efficiency in State Buildings - The Board recommends that favorable consideration be given to administrative and legislative changes that would allow for greater utilization of the provisions of KRS 56.770 – 56.784 (Energy Efficiency Program for State Government Buildings) while retaining appropriate oversight.

Information Requirements for Recommended Capital Projects - The Board urges that the Executive, Judicial, and Legislative branches adhere to the requirements contained in KRS 45.760(2)(b) relative to reporting the *total* estimated cost of completing a recommended project.

The Board also recommends that KRS 45.760 be amended to require that if the total cost of completing the project is greater than the estimated cost during the biennium 1) the recommendation must clearly describe the work to be completed with the funding that is recommended for the biennium, and 2) the recommendation must certify that, if additional amounts for the project are not forthcoming, the work described is sufficient to provide for a viable project that addresses the agency's needs.

Information Technology – System Definition - The Board recommends that KRS 7A.010 and KRS 45.750 be amended to define the term “information technology (IT) system” to include all costs involved in the deployment of a project as proposed by the state's Office of the Chief Information Officer (CIO).

Information Technology – Enterprise Shared Infrastructure and Services - The Board endorses the Chief Information Officer's recommendation that information technology (IT) planning should emphasize an approach that fosters support for the enterprise vision of a shared environment.

Information Technology – Security - The Board endorses the Chief Information Officer's recommendation that information technology (IT) planning should place a high priority on including security components in capital systems.

The complete recommendations, accompanied by relevant background information for each, may be found in the "Policy Recommendations" section of this document.

Project Recommendations

As in its recent statewide capital plans, the Board's project recommendations address two categories of capital projects: those proposed to be financed from state funds and those proposed to be financed from other than state funds.

Projects Proposed to be Financed from State Funds - The Board recommends that a very conservative state-funded capital construction program be approved for the 2002-04 biennium due to the fiscal uncertainty facing the state, the limited capacity expected to be available for the issuance of bonds, and the need to place a priority on replenishing the Budget Reserve Trust Fund.

- ◆ *Maintenance of existing state-owned facilities should be the highest priority for funding in the 2002-04 capital budget, with priority on funding for the agency maintenance pools, the postsecondary education capital renewal and maintenance pool, and those other minor (less than \$1 million each) projects to address maintenance and life/safety needs that have been identified as high priorities by the agencies.*

The Board urges that the agency maintenance pools be funded consistent with the funding goals and other items reflected in the separate Policy Recommendation. The Board also recommends that state funds for a postsecondary education capital renewal and maintenance pool be matched by the institutions at varying rates based on the institutions' efforts to maintain existing facilities.

- ◆ To the extent amounts are available for major construction, equipment, and information technology projects, the following should be considered as high priorities for funding in 2002-04. *(The following list is in alphabetical order by Branch; it does not reflect a prioritized ranking.)*

- Capitol Restoration-related projects (Finance & Administration)
- Construct HSC Research Facility, Phase III (University of Louisville)
- Construct Morgan Building Addition-Part A (University of Kentucky)
- Construct NASA Space Science Center (Morehead State University)
- Construct Phase II Expansion – KY Correctional Institution for Women (Justice Cabinet)
- Construct South Wing C, KY Fair & Exposition Center (Tourism Development Cabinet)
- Design/Renovate Phase I State Office Building (Finance & Administration)
- Enterprise Infrastructure Security (Governor's Office for Technology)
- Expand Elliott Co. Phase II, 850 Bed Medium Security Prison (Justice Cabinet)
- Expand State Emergency Operations Center (Military Affairs)
- Plan/Design KY Public Safety Training Center (Justice Cabinet)
- Renovate Old Science Building (Northern Kentucky University)
- Replace Commonwealth's Payroll System (Personnel Cabinet)
- Unified Criminal Justice Information System-related projects (GOT & KSP)
- Construct Judicial Center in Adair County (Judicial Branch)

In a separate Policy Recommendation, the Board is specifically recommending the construction of a new state office building in Franklin County.

- ◆ Funding for programs that provide assistance to non-state entities through grants or loans should focus on those programs that will enable the state to access federal funds for needed projects.

Projects Proposed to be Financed from Other than State Funds - The Board recommends that the 2002-04 budget authorize all projects proposed by state agencies and postsecondary education institutions to be financed 100% from Federal Funds, Restricted Funds, Other Funds, or Road Funds, with the following exceptions:

- ◆ Projects that will require the expenditure of significant additional state funds for their operation and maintenance,
- ◆ Projects that will commit the state to fund significant costs to complete the project after the available Federal Funds/Restricted Funds/Other Funds/Road Funds have been expended,
- ◆ Restricted Funds or Road Funds should not be authorized for projects to such an extent that agency programs or operations also funded by that source would be jeopardized,
- ◆ The top priority for the use of Restricted Funds of the postsecondary education institutions should be projects to address life/safety and deferred maintenance needs for which state funds are not provided, and
- ◆ A high priority for the use of Road Funds should be Transportation Cabinet projects to address life/safety and deferred maintenance needs.

The complete recommendations and descriptions of the capital projects proposed to be financed from state funds may be found in the "Project Recommendations" section of this document.



POLICY RECOMMENDATIONS

2002-2008 Statewide Capital Improvements Plan

- ◆ **Funding for Major Capital Renewal and Maintenance**
- ◆ **Funding for Maintenance Pools**
- ◆ **Construction of a New State Office Building in Franklin County**
- ◆ **Replenishing the Budget Reserve Trust Fund**
- ◆ **Responsibilities and Resources of the Department for Facilities Management**
- ◆ **Development and Implementation of a Real Property/Facilities Management Database**
- ◆ **Facilitation of Effective/Efficient Housing of State Agencies**
- ◆ **Leasing of VA Property to House Eastern State Hospital Functions**
- ◆ **Energy Efficiency in State Buildings**
- ◆ **Information Requirements for Recommended Capital Projects**
- ◆ **Information Technology – System Definition**
- ◆ **Information Technology – Enterprise Shared Infrastructure and Services**
- ◆ **Information Technology – Security**



POLICY RECOMMENDATION

Recommendation

The Board recommends that legislation be enacted by the 2002 General Assembly to establish programs to fund major capital renewal and maintenance needs of state facilities. (Attached are outlines of the proposed programs.)

Background

The Capital Planning Advisory Board has long been interested in developing and institutionalizing a state process to fund the major capital renewal and maintenance needs of state facilities and has reviewed approaches used by various states in this regard. The proposed programs are based largely on the approach used by the state of Nebraska.

The **Facilities Maintenance and Renewal Fund for New Projects (FMRF-N)** would apply to all new or major renovation projects authorized for a state agency or postsecondary institution. Beginning when such a project is authorized, an amount equal to two percent of the project cost would be appropriated annually into a building-specific account. (Fund sources for this appropriation would be in the same proportions as those used to initially finance the project.) Amounts in the account would accumulate to be available when major capital renewal and maintenance of the particular facility is needed. To receive authorization to use the funds, the agency or institution would follow the existing state capital planning and budgeting processes.

The **Facilities Maintenance and Renewal Fund for Existing Facilities (FMRF-E)** would apply to all state facilities with a value of \$400,000 or more, with certain exceptions (e.g., transportation, postsecondary education). It would establish a pool (*not* building specific) to be financed from an annual state appropriation equal to a percentage of the total value of the existing state facilities covered by the Fund. An expert panel would be established to review and make recommendations on projects proposed to be financed from the pool. The agency would follow the existing state capital planning and budgeting processes to obtain final authorization for the project. This Fund could be phased in over a period of years. For example, a goal of appropriating to the Fund an amount equal to two percent of the total value of state facilities could be implemented in increments of 0.5 percent per year.

These two Funds would allow needs to be addressed as they arise — rather than letting problems mount until there has to be something like the \$100 million bond issue that was provided for the state parks in the 1990's. They would also alleviate the situation where renovation projects have to compete with more “glamorous” new construction projects for the available funding.

While they would not generate a new source of revenue for this purpose, the recommended Funds would *set aside amounts* to be available for major capital renewal and maintenance needs of state facilities.

Facilities Maintenance and Renewal Fund for New Projects (FMRF-N)

- I. Purpose:** To establish a process for setting aside funds to address *major* maintenance /renewal needs of state facilities.

II. Scope

- A. Any facility (with a value of \$400,000 or more) acquired by a state agency or post-secondary institution by any means including construction, purchase, gift, or bequest.
- B. Any renovation of an existing state-owned facility (with a value of \$400,000 or more) costing over fifty percent of the value of the existing building.

III. Financing

- A. An interest-bearing account would be created to be used solely for major maintenance /renewal needs of the eligible state facilities.
- B. Moneys in the account would be carried forward each year and would be exempt from state budget reduction actions.
- C. Each new project as identified under Section II would have a unique subaccount.
- D. An amount equal to two percent of the project's value would be set aside *annually* into the project's subaccount.
 - 1. The two percent would be based upon the amount authorized to construct or acquire the project.
 - 2. The two percent would be from the same fund source, or represent the same proportion of fund sources, as the initial project authorization. (Amounts from the state General Fund would be appropriated for projects financed by General Fund-supported debt.)
- E. The first two percent for each project:
 - 1. Would be appropriated as part of the operating budget of the agency for which the project is authorized, then transferred to the project's subaccount within the Fund in the Department for Facilities Management.
 - 2. Would be appropriated in the same biennial budget as the initial appropriation /authorization for the new project.
- F. Subsequent biennia - The two percent amount (if from the state General Fund) would be appropriated directly to the Department for Facilities Management to be deposited to the project's subaccount. Amounts from other sources would be transferred from the agency budget to the subaccount.

IV. Implementation/Phase-In of the Program

- A. Approval of enabling legislation in the 2002 General Assembly.

- B. First appropriations for projects authorized in the 2004-06 budget.

V Allocation/Appropriation Process

- A. Amounts from the Fund would be used only for projects costing \$400,000 or more each, the current statutory threshold requiring line item budget authorization.
- B. No expenditures from a project's subaccount would be allowed until ten years after the initial project authorization, or unless extraordinary or emergency conditions are certified by the Department for Facilities Management to the Secretary of the Finance and Administration Cabinet and the State Budget Director.
- C. Projects to be financed from a FMRF-N subaccount must follow the existing statutory procedures for planning, budgeting, appropriation and oversight purposes.
 - 1. In its six-year plan, an agency could list the need for a major maintenance/renewal project and indicate the source of funds as its FMRF-N subaccount.
 - 2. In its biennial capital budget request, an agency could list the need for a major maintenance/renewal item and indicate the source of funds as its FMRF-N subaccount.
 - 3. No project may be included by a branch head in its budget recommendation to be financed from the FMRF-N absent an affirmative consideration by the Department for Facilities Management.

Facilities Maintenance and Renewal Fund for Existing Facilities (FMRF-E)

I. Purpose: To establish a process for setting aside funds to address major maintenance/renewal needs of existing state facilities.

II. Scope

- A. *All* state-owned facilities with a value of \$400,000 or greater (according to the real property database maintained by the Department for Facilities Management), with the exception of buildings managed/administered by the entities identified in
- B. Exclusions: facilities managed/administered by the following:
 - 1. Postsecondary education institutions
 - 2. Transportation Cabinet
 - 3. Entities that finance 100% of their operating costs from other than state funds (e.g., KY Housing Corporation, KY Lottery Corporation, KY Higher Education Student Loan Corporation, KY Higher Education Assistance Authority, KY Department for Fish and Wildlife Resources).
 - 4. Entities that have statutory language providing for facility-generated revenues to be used for the establishment of reserves for repair, replacement, debt service, and capital improvements (e.g., KY Center for the Arts, Northern Kentucky Convention Center, Berea Artisans Center, Eastern Kentucky Exposition Center, Red Fox Golf Course and Tourism Project).

III. Financing

- A. An interest-bearing account would be created to be used solely for major maintenance/renewal needs of eligible state facilities.
- B. Moneys in the account would be carried forward each year and would be exempt from state budget reduction actions.
- C. Each biennial budget would include an annual appropriation to the Fund in the Department for Facilities Management equal to a percentage of the value of the facilities covered in Section II.
 - 1. The value on which the percentage is calculated would be that reflected in the Department for Facilities Management Real Properties Database.
 - 2. The source of financing for the appropriation would be the state General Fund.

IV. Implementation/Phase-In of the Program

- A. Approval of enabling legislation in the 2002 General Assembly.
- B. First appropriations to the Fund in the 2004-06 budget.

- C. Appropriations to begin at 0.5% of the value, to be incremented by 0.5% annually to reach two percent over two biennia. (In FY 2007/08, the full two percent would be in the operating base budget.)

V. Allocation/Appropriation Process

(The goal is to integrate the new FMRF-E funding source into the existing statutory procedures for planning, budgeting, appropriation, and oversight purposes.)

- A. No expenditures from the Fund would be allowed until five years after the first appropriations to the Fund, or unless extraordinary or emergency conditions are certified by the Department for Facilities Management to the Secretary of the Finance and Administration Cabinet and the State Budget Director.
- B. In its six-year plan, an agency could list the need for a major maintenance/renewal project and indicate the source of funds as the FMRF-E.
- C. In its biennial capital budget request, an agency could list the need for a major maintenance/renewal item and indicate the source of funds as the FMRF-E.
- D. A minimum balance would be required to be retained in the Fund at the end of each biennium.
- E. A five-member Capital Renewal Review Panel (CRRP) would be established.
 - 1. The members, to be appointed jointly by the Secretary of the Finance and Administration Cabinet and the State Budget Director, would consist of a representative of the Governor's Office for Policy and Management, a representative of the Department for Facilities Management, and three representatives with expertise in facilities management from three state agencies eligible to receive appropriations from the Account.
 - 2. The CRRP would establish criteria and review projects proposed to be financed from the Fund, as submitted in the agency six-year capital plans. A report of the Panel's findings, to include a prioritized listing of projects recommended to be financed from the Fund, would be submitted to the Capital Planning Advisory Board and to the State Budget Director by June 30 of each odd-numbered year for use in the capital planning and budgeting processes.



POLICY RECOMMENDATION

Recommendation

The Board recommends the following regarding funding for agency maintenance pools:

- ◆ That the 2002-04 and subsequent budgets include a maintenance pool for each agency with responsibility for administering/managing state property.
- ◆ That in preparing the 2002-04 and subsequent budgets, funding for maintenance pools be calculated in an equitable manner across all agencies and that an appropriate offset to the calculated need for state funds be established for those agencies with restricted or facility-generated funds available to use for this purpose (e.g., Center for the Arts, State Fair Board).
- ◆ That a goal be established to achieve maintenance pool funding of at least \$1.50 per square foot annually for all agencies by FY 2005/06.
- ◆ That the Governor's Office for Policy and Management and the Department for Facilities Management work to develop a formula for maintenance pool funding that takes into account not only square footage, but also condition of facilities and other relevant factors. Periodic reports on this effort should be presented to the Capital Planning Advisory Board.
- ◆ That when Investment Income revenues are insufficient to adequately finance the agency maintenance pools, the state General Fund or other appropriate revenues should be used.

Background

The Capital Planning Advisory Board has long identified adequate amounts for agency miscellaneous maintenance pools as a top priority for funding in the biennial budget. These pools are appropriated to various state agencies with responsibility for administering/managing state facilities and may be used for projects costing less than \$400,000 each. It has been noted that in many instances, such expenditures can keep small items from escalating into major maintenance or renovation needs.

Currently, there appear to be at least two agencies responsible for state-owned facilities that do not have a maintenance pool authorization – Kentucky Educational Television (Network Center in Lexington) and the Governor's Office for Technology (Commonwealth Data Center in Frankfort).

In the current (2000-02) budget, an effort was made to distribute the funds available for maintenance pools based on an agency's total square footage owned less warehouse space. This resulted in agencies receiving funds ranging from \$0.60 per SF to \$1.47 per SF.

As a long-standing Executive and Legislative policy, Capital Construction Investment Income has been the principal source of funding used to support agency maintenance pools. Investment Income represents interest earned from the investment of moneys appropriated to capital construction accounts, trust and agency accounts, and trust and agency revolving accounts. The amount of income earned from these sources is somewhat volatile for various reasons: interest rates, agency account receipts and expenditure patterns, the nature of capital projects, unanticipated capital construction fund appropriations, and accounting policy changes.

During the last planning process (1999), the Board concluded that Capital Construction Investment Income was an inadequate source of funds to meet the needs of the state's existing physical plant, and urged that other revenues to *supplement* (not supplant) this source be identified.



POLICY RECOMMENDATION

Recommendation

The Board recommends that the 2002-04 budget provide for the construction of a new building in Franklin County to house state offices.

(In its 2002-2008 capital plan, the Finance and Administration Cabinet has proposed the construction of 350,000 SF of new state-owned space for Franklin County. This CPAB-recommended facility would be separate and apart from the new Executive Office Building that is proposed in conjunction with the Capitol Restoration/Renovation project.)

Background

The need for a new state office building in Frankfort was first identified by the Capital Planning Advisory Board and recommended in its first statewide capital improvements plan in 1991. A similar recommendation was included in all four subsequent statewide plans developed by the Board. As in the past, the current recommendation is based on several factors:

- ◆ ***The need to reduce the amount of privately-owned space that is leased by the state in Franklin County.*** A study done by Fantus Consulting in 1997, reported that the state at that time occupied 5.0 million SF of space in Franklin County - approximately one-third of which was leased (1.8 million SF) and two-thirds of which was state-owned (3.2 million SF). The study recommended that the state should lease no more than approximately fifteen percent (750,000 – 1.0 million SF) of the total space occupied by state agencies in Franklin County. It was noted that the state should retain some amount of leased space for flexibility (e.g., to act as a temporary staging area for personnel displaced by renovations and to allow for the inevitable expansion and contraction of space requirements).

Finance and Administration Cabinet officials now report that the amount of office space being leased by the state in Franklin County has increased by 100,000 SF since presentation of the Fantus report.

- ◆ ***The need to consolidate agencies that are housed in numerous locations across Franklin County.*** For the agencies involved, this situation results in inefficiencies and increased costs due to items such as the need for travel between locations and duplication of equipment and services. It also creates confusion for the citizen clientele seeking to access the services of the agency.

An often-cited example of this situation is the Natural Resources and Environmental Protection Cabinet which currently occupies space in twenty-two locations in Frankfort consisting of 349,000 SF. Over two-thirds of this space is in non-state-owned property.

- ♦ ***The financial advantages to the state of owning, rather than leasing space.*** Many of the current state leases have been in place for many years, such that the taxpayers may have paid for a building one or more times over the course of the lease. It has also been noted that bond financing of a new building would enable the state to shift its expenditure from lease payments that may continue to increase and that accumulate no equity, to debt service payments that would be fixed and would result in the state's eventually owning the structure as a capital asset.

In the last 20 years, five new state facilities have been constructed or authorized for construction in Frankfort. However, two were special purpose facilities – the Libraries and Archives Building (1981) and the Centralized Laboratory Facility (1994). The other three were financed with funds unique to the agency constructing and being housed in the facility – the Public Service Commission Building (1999), and the KY Higher Education Assistance Authority and Transportation Cabinet Office Buildings (both authorized in 1998, not yet completed).

The major state office buildings in Frankfort were constructed as follows: Human Resources Building (1977), Capital Plaza Tower (1970), Health Services Building (1961), Capitol Annex (1956), and State Office Building (1941).

In recent months, representatives of the Finance and Administration Cabinet have noted the increasingly tight rental market in Franklin County. They have noted that not only is the amount of space limited, but some of the currently available space is aging and likely to go off-line in the near future. The impact of this situation will be to increase the cost of state leases. For example, while the average state lease in Franklin County was reported at \$7.56 per SF, various renewals during the summer of 2001 have ranged from \$10 to \$12 per SF.

The tight market in Franklin County has been reflected in the lack of competition when there are solicitations for space to lease. Recently, most of the responses have proposed either the renewal of an existing lease at a higher rate, or the construction of new privately-owned space to be leased by the state. New construction is often not considered to be financially feasible for a developer unless it is of a large enough size, and state occupancy of the entire space is assured. It is often not financially feasible for the state to relocate office space to newly-constructed space, particularly when renewal of existing space is offered, because of the relocating and wiring costs which would be involved.

The 1997 Fantus Consulting study confirmed the uniqueness of the Franklin County office space market in noting “the overwhelming presence of the state on the local commercial real estate market.” Unlike larger state capital cities and larger cities in Kentucky, there is essentially no development of office space unless it is to be used by state government.

The Transportation Cabinet Office Building now under construction will eventually result in approximately 325,000 SF becoming available in which to relocate state offices from leased

space. However, that is not expected to occur for approximately ten years because of the need to provide space in which to house personnel from various state-owned buildings which will be undergoing major renovations.

Pursuant to authorization in the 2000-02 budget, the Finance and Administration Cabinet has recently completed a feasibility study to evaluate alternative approaches for constructing and financing a state office building. Part One of the study included the design of two prototype office buildings (66,000 GSF and 127,000 GSF). Each could be constructed singularly in a “stand alone” manner or grouped in various combinations to provide facilities ranging from approximately 200,000 GSF to over 500,000 GSF. According to the Finance and Administration Cabinet, it is more likely that a combination of the two building types would be sited in a “campus” setting to meet the program requirements for larger buildings. Part Two of the study evaluated the cost of using various approaches to finance new space for state offices. Those approaches were 1) Commonwealth of Kentucky ownership with the state issuing the bonds, 2) local government ownership with the City or County issuing the bonds and the state lease-purchasing the building over the period of the bonds, 3) private ownership with conventional state leasing of the space, and 4) private ownership with the state lease-purchasing the building.

In conjunction with this feasibility study, the Cabinet also had developed a Master Plan which proposed various uses for property in Franklin County already owned by or potentially available to be acquired by the state. Specifically, that plan reflected how the prototype buildings could be placed on the six sites that were reviewed.



POLICY RECOMMENDATION

Recommendation

The Board recommends that the Governor and General Assembly place a high priority on replenishing the Budget Reserve Trust Fund as quickly as possible to a level that represents three to five percent of General Fund revenues.

Background

The Board has consistently recommended that the Budget Reserve Trust Fund (BRTF) be adequately funded in accordance with the provisions of KRS 48.705.

The BRTF was formally established by House Bill (HB) 2, as enacted by the 1995 Special Session of the General Assembly. HB 2 was codified as KRS 48.705. It provides for the BRTF to be financed through direct appropriations, surplus revenue receipts in the General Fund, and certain unexpended appropriations, in order to maintain a balance equal to five percent of General Fund receipts.

The national agencies which rate state bonds have indicated that the existence of a reserve fund in an amount equal to three percent to five percent of revenues demonstrates a “best effort” to prepare the state for fiscal uncertainties. Kentucky’s commitment to funding for the BRTF has been a factor in recent upgrades and the state’s currently strong credit rating, thus lowering the cost of borrowing.

The 2000-02 state/executive branch budget provided for up to twenty-five percent of the balance in the BRTF to be applied to any FY 2000/01 budget reduction that might be required, and for up to fifty percent of the balance to be applied to any FY 2001/02 budget reduction.

At the beginning of FY 2000/01, the BRTF had a balance of \$278.6 million, which represented 4.1 percent of General Fund revenues (the first time the Fund had exceeded four percent). Due to two downward revisions of FY 2000/01 General Fund revenue estimates and the resulting budget reductions, the BRTF was reduced by \$38.8 million, leaving a balance of \$239.8 million.

In September 2001, the BRTF was accessed in order to address a FY 2001/02 budget reduction. The full fifty percent allowed was taken. After accessing this \$120 million, the balance remaining in the BRTF is approximately \$120 million which represents 1.7 percent of the estimated General Fund revenues for FY 2001/02.

At the August 21 meeting of the LRC Capital Projects and Bond Oversight Committee, the Executive Director of Kentucky's Office of Financial Management said the rating agencies have discussed with the state the need to develop a plan to restore the BRTF. He noted that while they do not expect the state to fully restore it in one budget cycle, the rating agencies do expect a solid and realistic plan to begin restoring the Fund. On October 8, the State Budget Director was quoted in the *Lexington Herald-Leader* as saying the current level of the BRTF is creating "a major issue" with the rating agencies.



POLICY RECOMMENDATION

Recommendation

The Board recommends that KRS 42.027 be amended to specify that the Department for Facilities Management (DFM) shall have the authority and primary responsibility for developing and implementing policies applicable to all state agencies to ensure effective planning for and efficient operation of state offices and shall provide appropriate assistance regarding the planning and efficient operation of all state facilities.

The Board recommends that additional resources (funding and personnel) be provided to the DFM in the 2002-04 and subsequent biennial budgets to address the expanded responsibilities that the Department has assumed in recent years and that are anticipated in the future.

Background

The Capital Planning Advisory Board has consistently expressed its intent that the Department for Facilities Management (DFM) in the Finance and Administration Cabinet should have a significant role and authority relative to state facilities. Legislation recommended by the Board in its first statewide capital improvements plan and enacted by the 1992 General Assembly directed the Department to establish policies to ensure efficient utilization of state property, to ensure effective planning for state facilities, and to allow least-cost financing of state facilities. In its last statewide plan (1999), the Board recommended that the Executive Branch work to identify a more pro-active role and increased authority for the Department with regard to administration of the state's overall physical plant. The current recommendation would amend KRS 42.027 to address this intent more clearly in statute.

The primary focus of this recommendation is state office facilities. However, while recognizing that the various cabinets and agencies have the appropriate expertise to address programmatic issues relating to their facilities, the Board believes that the DFM should also be of assistance to *all* agencies with regard to the operating issues such as energy efficiency or maintenance procedures.

The Board also feels that additional resources (funding, personnel) are warranted given the increased duties and responsibilities that have been assigned to the DFM and that such additional funding should eventually result in savings through better planning for the housing of agencies and the more efficient operation of state facilities.

Duties and responsibilities of the DFM are outlined in KRS 42.027. In addition to the specific items added in 1992, they include management and administration of the state capital construction program, maintenance and operation of state government's real property management functions, and physical plant management functions.

The DFM is comprised of six divisions. The Division of Contracting and Administration is responsible for procurement and administration of state construction contracts, excluding roads and bridges. The Division of Historic Properties is responsible for the preservation of all state-owned historic properties. The Division of Engineering is the administrator of the state's capital construction program (project management, review of design documents and specifications, monitoring of construction and maintenance contracts, etc.). The Division of Building Services and the Division of Mechanical Maintenance and Operations provide day-to-day building operations, maintenance and support for the seventy state-owned buildings managed by the Department. The main focus of the Division of Real Properties is on assisting state agencies to fulfill their space needs.

In September 2001, the DFM, at the Board's request, provided a report on its responsibilities and duties and the resources available to carry out that work. The report outlined numerous initiatives and changes in the Department's responsibilities since 1996, as well as anticipated future initiatives. Consistent with the Board's previous recommendations, the initiatives include the DFM's development/implementation of a long-range plan for housing state offices in Frankfort (including renovation of existing buildings and construction of new facilities to reduce the amount of state-leased space), implementation of the energy savings performance contracting program, and assuming responsibility for operating additional state-owned office buildings. The report also noted that the capital construction program being managed by the DFM had increased substantially based on authorizations provided in the last two biennial budgets and that various new construction delivery methods are being initiated (e.g., design/build, construction manager at risk). In his presentation to the Board, the Commissioner of the Department stated that there has been no change in the number of personnel in the DFM, although there have been some shifts in numbers among the various divisions (fewer staff in building operations, more in engineering).



POLICY RECOMMENDATION

Recommendation

The Board recommends that KRS 42.027 be amended to include in the duties and responsibilities of the Department for Facilities Management (DFM) the development and maintenance of a comprehensive real property/facilities management database for the Executive Branch, and to specify that all state agencies and postsecondary institutions are to work cooperatively with the DFM in this effort.

Following a complete evaluation of the needs and a determination of the cost of a database to meet the needs, the Board also urges the Secretary of the Finance and Administration Cabinet to allocate amounts from the Capital Construction and Equipment Purchase Contingency Fund to address non-recurring costs associated with implementing the project.

Background

Planning efforts should begin with an understanding of what currently exists. For the Capital Planning Advisory Board (CPAB) and others who make recommendations and decisions on the allocation of resources for capital needs on a statewide basis, it is important to have comprehensive and comparable data for all of the entities with competing needs.

Currently, the Division of Real Properties within the Department for Facilities Management (DFM) has an electronic system (in an Access format) which maintains data on state-owned and leased real property. Responsibility for providing updates (including condition assessments) resides with the various individual agencies, and there is currently no mechanism for auditing the data for accuracy or consistency.

Other state agencies have their own separate systems for maintaining property/facilities data. In many instances, these systems duplicate the data elements in the Real Properties database while still having significant content differences. Additionally, within the DFM itself, project and property databases are not integrated between the various divisions.

The Capital Planning Advisory Board's *1998-2004 Statewide Capital Improvements Plan* recommended that the role and authority of the DFM be enhanced. Among the items listed as needing to be addressed were: 1) development of a database for use by state agencies to record and track all maintenance projects completed for each state-owned facility; and 2) development of categories and definitions for use by state agencies in evaluating and reporting the condition of their facilities.

In the current biennium (2000-02), restricted (agency) funds of \$340,000 were appropriated in the DFM operating budget for a Real Property Management System. The budget also provides moneys from the General Fund in each year of the biennium for two new staff to maintain and update the system. Development and implementation of the new database was delayed based on concerns that the restricted funds might have to be used instead to address unexpected energy cost increases in state buildings.

In October 2000, the Board approved and transmitted to the DFM a further recommendation on the development of a real property management system for Kentucky. In that recommendation, the Board expressed its belief that an appropriately designed and implemented real property management system should benefit officials at various levels and in various areas of state government, and noted that differing needs of these officials will impact the data elements included in the system. The Board also stated that the system authorized for the DFM should be the single repository which serves as the official source of data on all state facilities and real property.

In September 2001, the DFM reported that it is evaluating software for use in establishing an executive branch database and expressed its commitment to having a database on line by the end of the 2000-02 biennium.

The Board believes it is important that the DFM undertake a comprehensive approach to the development and implementation of the statewide facilities database to ensure that all relevant databases and processes are considered and that an enterprise-wide approach is developed to the extent possible. The comprehensive approach should involve the expertise of the Governor's Office for Technology as well as agencies that currently maintain databases of facilities information. It should address, but not be limited to, the following:

- ◆ Identification of the various entities affected and the needs/interests of each;
- ◆ Identification of the needs to be addressed by the statewide database;
- ◆ Evaluation of the options available to address the needs;
- ◆ Development of a projected timetable listing the steps that would be involved in implementing the database (from initial installation and testing on a limited basis to the completion of a statewide rollout);
- ◆ Determination of the costs involved (both one-time and recurring costs);
- ◆ Identification and description of any savings that may occur (e.g., from the elimination of duplicative systems/efforts); and
- ◆ Prioritization of the needs and development of a staged approach to implement the system based on those priorities.

Relative to the use of the Contingency Fund, KRS 45.760(15) authorizes the use of this Fund "to finance feasibility studies for projects which may be contemplated for future funding." While this is not a feasibility study for a specific project, such a database would be of assistance in determining the feasibility/need for numerous projects. Additionally, for a project intended to benefit all state agencies and institutions, it is appropriate to provide "state" funds rather than relying on the use of funds generated by one agency (the DFM).



POLICY RECOMMENDATION

Recommendation

The Board recommends that KRS 45.770 be amended to allow the Capital Construction and Equipment Purchase Contingency Fund to be used for moving/relocation expenses to facilitate achieving the goal of housing of agencies in state-owned space (rather than leased facilities) and the goal of consolidation of agencies housed in multiple leased sites.

The Board recommends that the Finance and Administration Cabinet identify and propose other legislative changes for action by the 2002 General Assembly that would enhance the Department for Facilities Management's ability to carry out its responsibilities relative to the housing of state agencies.

Background

Pursuant to KRS Chapter 56, the Department for Facilities Management (DFM) in the Finance and Administration Cabinet is responsible for the leasing of most property for state use. Additionally, under KRS 42.027 duties of the DFM include establishing policies to ensure effective planning for state facilities, to include reducing the amount of privately-owned space leased by the state and facilitating the consolidation of agency offices (especially in Franklin County).

One item that has been identified by the DFM as an obstacle to relocating agencies to state-owned space or to consolidating agency offices when such space is available has been the lack of funding for moving/relocation expenses. While ideally such funding should be sought by an agency through the biennial budget request process, unanticipated opportunities for consolidations or relocations from leased space should not be precluded by this not having been done.

The Capital Construction and Equipment Purchase Contingency Fund as currently established by KRS 45.770 may be used for the following purposes: 1) to fund scope increases not exceeding fifteen percent on authorized projects; 2) to advance amounts for authorized, bond-funded projects; 3) to finance feasibility studies; and 4) to match federal or private funds for projects not specifically authorized.

The recommendation concerning proposals for other statutory changes that could facilitate the housing of state agencies efficiently and effectively is intended to recognize that the DFM, which has day-to-day responsibility for this function, is in the best position to propose

such changes. However, the Capital Projects and Bond Oversight Committee should have an opportunity to review such proposed changes as soon as practical in order to ensure that the changes continue to provide for appropriate review and oversight.



POLICY RECOMMENDATION

Recommendation

The Board endorses and recommends that the Executive and Legislative Branches approve the proposal by the Cabinet for Health Services to lease space at the Veterans' Affairs Medical Center in Lexington to house Department for Mental Health and Mental Retardation Services functions now located on the Eastern State Hospital campus.

Background

As reported in its 2002-2008 capital plan as submitted on April 15, the Cabinet for Health Services (CHS), with assistance from the Finance and Administration Cabinet (Department for Facilities Management), was involved in negotiations to lease space available at the Veterans' Affairs (VA) Medical Center on Leestown Road in Lexington as a possible replacement for Eastern State Hospital (ESH).

On October 26, the Secretary of the Cabinet for Health Services reported additional details of the proposal to the Board as follows. The lease would involve the use of three and one-half buildings on the VA campus representing approximately 160,000 SF. CHS would relocate to this space the psychiatric hospital functions (150 beds), a forty bed personal care home, and the forty-five bed Schwartz Center (a substance abuse program). CHS would secure services through the VA for patient meals, maintenance, basic janitorial services, and security.

The proposal would also involve transferring the ESH campus from the CHS to the Finance and Administration Cabinet, which would then be responsible for "mothballing" the facilities, then making a final decision as to their further use by the state or their disposal.

The seventy-eight acre ESH campus has thirty-two buildings containing 572,981 SF. Approximately 4.5 acres of the ESH campus is in the process of being deeded from CHS to the Justice Cabinet / Department of Juvenile Justice (DJJ). (That area is the site of the DJJ's Bluegrass Assessment Center, and has been selected as the location for DJJ's new Fayette County Detention Center as authorized in the 2000-02 budget.)

A feasibility study of the state psychiatric hospitals, done by an outside consultant (Luckett & Farley) in 1999, recommended extensive renovations for ESH due to code and licensure issues. CHS reports that the facility currently has a licensure waiver for the use of improper locks and inadequate toilet facilities and that most buildings do not comply with

Americans with Disabilities Act (ADA) standards. The 2002-2008 capital plan included specific projects totaling nearly \$7 million for ESH.

According to CHS, benefits of the move would include:

- ◆ Improved patient quality of life through access to a more modern facility that will comply with ADA, licensure and accreditation standards.
- ◆ Consolidations of programs into a physical layout that would better support and protect clients, and allow the staff to focus on patient needs rather than facility issues.
- ◆ Access to shared services through the VA (e.g., maintenance, food service, housekeeping, security).
- ◆ Less expense than maintaining and renovating the current campus, and elimination of the need to fund maintenance costs and major capital construction projects on the current campus.



POLICY RECOMMENDATION

Recommendation

The Board recommends that favorable consideration be given to administrative and legislative changes that would allow for greater utilization of the provisions of KRS 56.770 – 56.784 (Energy Efficiency Program for State Government Buildings) while retaining appropriate oversight.

Background

The Capital Planning Advisory Board (CPAB) commends the efforts of the Energy Efficiency Solutions Team (EEST) to identify and propose means of addressing the problems which have limited the state's ability to implement the Energy Efficiency Program for State Government Buildings.

As established by the 1996 General Assembly and administered by the Finance and Administration Cabinet, the Energy Efficiency Program for State Government Buildings provides for implementation of low-cost/no-cost energy efficiency measures, engineering analyses, energy efficiency measures, building improvements, and monitoring of results for state-owned buildings. In addition to funding from state general fund appropriations, measures to improve the energy efficiency of state-owned buildings may be financed by other means, including energy performance contracts and guaranteed energy savings contracts. (An Energy Savings Performance Contract (ESPC) is an agreement in which a party agrees to design, finance, construct, install, maintain, operate, or manage energy systems or equipment in a state building in exchange for a portion of the energy cost savings or specified revenues based on estimated or measured energy cost savings.)

The Board has a long-standing interest in this issue having recommended legislation to establish such a program in its second statewide capital improvements plan (1993). In 1997, the Board's plan encouraged greater use of the energy savings performance contracts provisions of the program and recommended the identification and implementation of changes to the 1996 legislation as deemed necessary to effectively implement the program.

In Spring 2001, the Finance and Administration Cabinet established an "Energy Efficiency Solutions Team", which was an ad hoc group comprised of representatives of agencies involved in administering the state's energy efficiency programs (Finance and Administration Cabinet and Natural Resources and Environmental Protection Cabinet/Division of Energy) and representatives of areas of state government that consume significant amounts of energy (e.g., postsecondary education, Department of Military Affairs, and Department of

Corrections). The group was charged with identifying ways to improve the state's energy conservation programs.

On October 9, 2001, the EEST recommendations were finalized. They addressed the following:

- ◆ Capturing energy usage data (units of energy being used, not just the dollars expended);
- ◆ Legislative changes (project authorization, project financing, project ownership, and funding);
- ◆ Financing through the state's Master Lease Program and other credit instruments provided by municipal leasing companies;
- ◆ Adoption of a general process and development of a detailed procedures for ESPC projects;
- ◆ Creation of a revolving loan fund to provide financing for energy conservation projects;
- ◆ Establishment of an initiative to encourage low cost/no cost energy efficiency programs; and
- ◆ Increased staffing in the Finance and Administration Cabinet to address needs of the Energy Efficiency Program.



POLICY RECOMMENDATION

Recommendation

The Board urges that the Executive, Judicial, and Legislative branches adhere to the requirements contained in KRS 45.760(2)(b) relative to reporting the *total* estimated cost of completing a recommended project.

The Board also recommends that KRS 45.760 be amended to require that if the total cost of completing the project is greater than the estimated cost during the biennium 1) the recommendation must clearly describe the work to be completed with the funding that is recommended *for the biennium*, and 2) the recommendation must certify that, if additional amounts for the project are not forthcoming, the work described is sufficient to provide for a viable project that addresses the agency's needs.

Background

During its review of the agency capital plans in July of 2001, the Board noted that the 2000-02 state/executive budget, particularly in the area of postsecondary education, had authorized various projects at one-half or less of the full cost/need that had been identified in the initial request. As such, the affected agencies/institutions are seeking, in the 2002-04 budget, the additional funds needed to complete the entire project.

The 2000-02 authorization was often identified as "Phase I" of the project. In most instances, the description did not report the total cost of completing the project. Additionally, the description generally addressed the total project rather than focusing on the work to be completed with the funding that was being provided. In reviewing the projects, it was often unclear to Board members whether the 2000-02 funding would result in a usable facility if additional amounts are not provided in 2002-04.

KRS 45.760 outlines the information to be included in the capital construction program recommended by each branch of government. Among other items, it specifies that, for each project, the *recommendation is to address the "total estimated cost of completing the project,"* as well as the estimated cost of the project during the biennium. In addition to the reminder about compliance with this provision as currently stated, the Board believes additional information should be included if the total cost is not proposed to be funded when a project is initially recommended.



POLICY RECOMMENDATION

Recommendation

The Board recommends that KRS 7A.010 and KRS 45.750 be amended to define the term “information technology (IT) system” to include all costs involved in the deployment of a project as proposed by the state’s Office of the Chief Information Officer (CIO).

Background

For the past several planning processes, the Board has been concerned that information technology systems as submitted in the six-year capital plans and biennial budget requests do not provide decision makers an accurate picture of the total cost of implementing the project. This situation exists because the current definition of a system as promulgated by regulation (14 KAR 1:010) by the Governor’s Office for Technology pursuant to KRS 45.750 includes only hardware items.

In her August 1, 2001, report to the Board, the state’s CIO reiterated similar concerns. She noted that:

In promoting the concept that IT must be managed as a strategic asset of the Commonwealth, the Office of CIO reinforces the need to rethink the current IT capital definition. It is clear from the CIO review of planned IT projects the Board is only reviewing a portion of the planned expenditures to deploy the total system. Agencies and institutions are often confused by the limited definition and include software and other costs in their total request. IT hardware prices continue to decline, both in unit price and as a percent of a total system investment. We do not expect this trend to reverse. Today, the largest percentage of a "system" investment is most often reflected in software, system integration and professional services costs. System software should be considered a capital asset. As intellectual property, it may not be “owned” by the Commonwealth, but is in effect leased for use from the software vendor. These expenditures are direct costs (i.e. budgeted), considered a critical element of the system life cycle, and should be included as part of the capital outlay.

The CIO has proposed that the following revised definition of an information technology system be included in the relevant statutes:

"Information Technology System" means any computer or telecommunications system of related hardware, software, services and data infrastructure that provides a functional system for

a specific business purpose; or an upgrade, or replacement to an existing system for a specific business purpose that may contain one or more of the following cost elements:

- (a) Hardware infrastructure;
- (b) Software which includes application software, systems management software, utility software, or communications software;
- (c) Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or
- (d) Digital data products, including acquisition and quality control.



POLICY RECOMMENDATION

Recommendation

The Board endorses the Chief Information Officer's recommendation that information technology (IT) planning should emphasize an approach that fosters support for the enterprise vision of a shared environment.

Background

The following background information for this recommendation is taken from the August 1, 2001, report of the Office of the Chief Information Officer (CIO) to the Board:

The CIO and Governor's Office for Technology strongly support an enterprise investment approach and cross-agency collaboration. It is imperative that technology investment decisions be made from an enterprise perspective and not that of a single cabinet or agency. An enterprise focus is necessary to ensure that the Commonwealth's limited IT resources are being utilized in the most cost-effective manner. IT architectural complexity is one factor that has the most dramatic impact on the increasing cost of IT. Economies of scale should be employed to reduce support costs by sharing expensive and limited technical support resources across organizational boundaries.

A strong technology infrastructure is required to support both enterprise-wide applications as well as cabinet or agency specific projects. The Commonwealth has the foundation for an enterprise approach to IT with a relatively strong shared infrastructure (e.g., enterprise architecture and standards, Kentucky Information Highway, consolidated data center, enterprise electronic mail, virus protection), but policy, planning and budgeting issues must be resolved to address the more cost effective and non-duplicating investments in IT.



POLICY RECOMMENDATION

Recommendation

The Board endorses the Chief Information Officer's recommendation that information technology (IT) planning should place a high priority on including security components in capital systems.

Background

The following background information for this recommendation is taken from the August 1, 2001, report of the Office of the Chief Information Officer (CIO) to the Board:

State government and postsecondary institutions rely on information technologies and the Internet to conduct business, manage activities, engage in communications, serve customers and perform scientific research. While these technologies allow for enormous gains in efficiency, productivity, and communications, they also create new vulnerabilities to those who would do us harm. A serious security problem confronts all state agencies and postsecondary institutions today. Because of the Internet and the open, public nature of computer networks, our servers, systems and networks are under constant assault from hackers, worms, Trojan horses, denial of service, web site defacement, viruses and other forms of security threats. Nationally, over 21,000 IT security incidents were reported in 2000, by CERT at Carnegie-Mellon University and the National Infrastructure Protection Center (NIPC). The same interconnectivity that allows us to transmit information around the globe at the click of a mouse or push of a button also creates unprecedented opportunities for criminals and terrorists to steal proprietary data, money, compromise private records or cause vital infrastructure to cease operations.

In some instances the incidents are just annoying, systems must be shut down and loss of productivity results. In major incidents, data is destroyed or stolen, privacy rights may be violated, sensitive information exposed or there is a serious financial impact. GOT and other agencies have made significant investments in both technology and skilled resources to protect agency assets. Audits have revealed a need for increasing security protection in terms of both the physical and logical controls. GOT and other state government agencies are at risk and must be proactive in security investments.



PROJECT RECOMMENDATIONS

2002-2008 Statewide Capital Improvements Plan

- ◆ Projects Proposed to be Financed from State Funds
- ◆ Projects Proposed to be Financed from Other than State Funds



PROJECT RECOMMENDATION

Recommendation

The Board recommends that a very conservative state-funded capital construction program be approved for the 2002-04 biennium due to the fiscal uncertainty facing the state, the limited capacity expected to be available for the issuance of bonds, and the need to place a priority on replenishing the Budget Reserve Trust Fund.

- ◆ **Maintenance of existing state-owned facilities should be the highest priority for funding in the 2002-04 capital budget**, with priority on funding for the agency maintenance pools, the postsecondary education capital renewal and maintenance pool, and those other minor projects (less than \$1 million each) to address maintenance and life/safety needs that have been identified as high priorities by the agencies.

The Board urges that the agency maintenance pools be funded consistent with the funding goals and other items reflected in the separate Policy Recommendation. The Board also recommends that state funds for a postsecondary education capital renewal and maintenance pool be matched by the institutions at varying rates based on the institutions' efforts to maintain existing facilities.

- ◆ To the extent amounts are available for major construction, equipment, and information technology projects, the following should be considered as high priorities for funding in 2002-04. (See project descriptions on the following pages for additional information on each project.) *This list is in alphabetical order by Branch; it does not reflect a prioritized ranking.*

- Capitol Restoration-related projects (Finance & Administration)
- Construct HSC Research Facility, Phase III (University of Louisville)
- Construct Morgan Building Addition-Part A (University of Kentucky)
- Construct NASA Space Science Center (Morehead State University)
- Construct Phase II Expansion – KCIW (Justice/Corrections)
- Construct South Wing C, KY Fair & Exposition Center (Tourism Development/State Fair Board)*
- Design/Renovate Phase I State Office Bldg (Finance & Administration)
- Enterprise Infrastructure Security (Governor's Office for Technology)
- Expand Elliott Co. Phase II, 850 Bed Medium Security Prison (Justice/Corrections)
- Expand State Emergency Operations Center (Military Affairs)
- Plan/Design KY Public Safety Training Center (Justice Cabinet)*

- Renovate Old Science Building (Northern Kentucky University)
- Replace Commonwealth's Payroll System (Personnel Cabinet)
- Unified Criminal Justice Information System-related projects (GOT & KSP)
- Construct Judicial Center in Adair County (Judicial Branch)

**The recommended project differs from that proposed by the agency; see descriptions.*

In a separate Policy Recommendation, the Board is specifically recommending the construction of a new state office building in Franklin County.

- ◆ Funding for programs that provide assistance to non-state entities through grants or loans should focus on those programs that will enable the state to access federal funds for needed projects.

(The generic term "state funds" has been used rather than specifying the source of those funds [e.g., General Fund cash, General Fund supported bonds, Investment Income, Capital Construction Surplus], in order to provide flexibility for decision makers to identify the most appropriate source when the budget is developed. Court projects have been included in this category because they are largely financed from state funds through use allowance payments to the local governments which construct the facilities.)

Background

The Capital Planning Advisory Board's recommendation for capital funding in the 2002-04 is based on its review of proposals for the 2002-2008 planning period as submitted by state agencies and postsecondary education institutions. Also reviewed were recommendations of the state's Office of the Chief Information Officer relative to information technology projects and a report from the Council on Postsecondary Education.

In making its recommendations, the Board has traditionally emphasized that, as a planning body, its focus was on the priority and need to be addressed rather than the specific details of each project (e.g., cost, method of acquisition). However, for the upcoming biennium, it was deemed appropriate to also consider other factors (particularly, project cost).

The fiscal uncertainty facing the state is underscored by the three budget reductions to address revenue shortfalls that have been implemented thus far in the 2000-02 biennium, and the likelihood that a fourth reduction will be required.

Information available to the Board as this recommendation was being developed indicated that for the state to continue to adhere to the policy of debt service not exceeding 6 percent of revenue, only approximately \$235 million of new debt could be issued for 2002-04. This \$235 million includes debt from the issuance not only of general fund supported bonds which are traditionally the Board's focus, but also debt from the issuance of agency bonds (restricted funds debt service) and road bonds (Road Fund debt service).

A further complication regarding the issuance of additional debt in 2002-04 is the currently low level of the Budget Reserve Trust Fund (BRTF). Rating agencies look favorably upon a reserve fund in an amount equal to three to five percent of revenues to demonstrate a “best effort” to prepare the state for fiscal uncertainties. At the beginning of the current biennium, Kentucky’s BRTF was at an all time high of \$278.6 million which represented 4.1 percent of FY 2000/01 General Fund revenues. Subsequent budget reductions have reduced the BRTF to \$120 million or approximately 1.7 percent of estimated General Fund revenues for FY 2001/02. (A separate Policy Recommendation addresses Replenishing the Budget Reserve Trust Fund.)

The citizens of the Commonwealth have made a major investment in the physical facilities in which governmental services are provided throughout the state. Those facilities include office buildings, hospitals, classroom and other educational facilities, penal institutions, juvenile detention and treatment centers, and parks. Consequently, the *Board believes that the highest priority of the branch heads in recommending and the General Assembly in approving a capital budget for 2002-04 should be funding those projects that will protect the state’s financial investment in its physical plant*, and that will provide a safe and healthy environment for both the employees providing state services and citizens accessing those services. In many instances, relatively small expenditures can keep minor items from escalating into major maintenance or renovation needs. As such, this recommendation places a high priority on funding for maintenance pools which can be used for projects costing less than \$400,000 each, or on other specific projects costing less than \$1 million each.

Project Descriptions

(Unless otherwise noted, the following narratives reflect the “Brief Description and Justification” for the project as submitted in the agency’s 2002-2008 capital plan.)

Executive Branch

Capitol Restoration-Related Projects

(*Note:* The following three projects are combined based on the Finance and Administration Cabinet’s testimony to the Board that they need to proceed in tandem.)

◆ **Construct Executive Office Bldg.-KY Capitol** **\$42,652,000**

New facility on the Capitol Campus, as recommended by the May 2000 Kentucky State Capitol Master Plan, to house the Governor's Office and related operations. This will assist in reducing the overcrowding of the Capitol and will improve the operational and functional environment of the Governor's Office. (*Finance & Administration Cabinet Priority #4*)

◆ **Improve Site Infrastructure-KY Capitol** **\$12,837,000**

Upgrade Heating, Cooling, Plumbing, Fire Protection, Electrical, Telecommunications, Tunnels, Parking, Vehicular Circulation and Landscaping elements/systems required to continue and improve operational aspects of the Capitol Campus. (*Finance & Administration Cabinet Priority #5*)

◆ **KY Capitol Complex-Capitol Restoration "Add'l"** **\$2,800,000**

This will fund the completion of the design phase for the Restoration of the Kentucky State Capitol Building, including the design of a renovation/addition to the Capitol Annex. The Restoration of the Kentucky State Capitol, including the renovation/addition to the Annex, is recommended by the May 2000 Kentucky State Capitol Master Plan. The project will restore the Commonwealth's centerpiece to its original splendor while upgrading operational capabilities with state-of-the-art heating, cooling, security, electrical, telecommunications and data systems and significantly enhancing accessibility for persons having physical disabilities. (*Finance & Administration Cabinet Priority #6*)

Construct HSC Research Facility, Phase III - University of Louisville **\$98,000,000***

**Total Budget includes “other” funds of \$39,200,000.*

(*Note:* The Board’s recommendation calls for a funding split of 60% state funds [\$58,800,000] and 40% restricted funds [\$39,200,000], which is the funding ratio proposed by the agency.)

This authorization will allow the construction of a 264,325 gross square foot facility which is needed to further expand the research capacity of the Health Sciences Center. The continued recruiting of new investigators funded from the State's "Bucks for Brains" program requires new research space to meet the future demands. (*University Priority #1*)

Construct Morgan Building Addition - Part A – University of Kentucky **\$28,693,000***

**Total Budget includes restricted funds of \$2,850,000.*

(Note: The Board's recommendation for this project calls for a funding split of 60% state funds [\$17,215,800] and 40% restricted funds [\$11,477,200].) Construct addition of 70,500 gross SF to house entire Biology department faculty (projected size 36) in a single building with appropriate, modern lab facilities. Provide suitable office space and laboratory support space adjacent to laboratories. (*University Priority #1*)

Construct NASA Space Science Center – Morehead State University **\$12,200,000**

Construction of new space science facility is to support the 18-meter NASA-Goddard satellite tracking station to be located on the campus of Morehead State University. With the new facility, academic programs in physics, pre-engineering, space technology and other space-related fields will be developed and/or expanded. The new facility will also provide new economic development and outreach opportunities. (*University Priority #2*)

**Construct Phase II Expansion –
KY Correctional Institution for Women** **\$15,838,000**

Construct the following facilities: Build: Assessment Housing(60), Intake Processing, Health Services, Building Maintenance, Commissary, Laundry and Property, Minor Renovation of Main Building, Build Minimum Security Dining, Build Minimum Security Visiting Facility, Security Operations, Staff Support, Build Vocational Training, Academic Education, and Library in Main Facility, Renovate Existing Vocation and Academic Areas (after new Vocational and Academic Building is operational), and Administration for Minimum Security Ind. (after new Sec., Operations building is operational). Complete Perimeter Security Fencing, Demolish Barn, Complete Utility Mains, Develop Recreation Yards, Complete Chase Road, and Other Site Development. Long-range inmate population projections support the requirement for this project. Funding for design was provided in the 2000-02 budget. (*Justice Cabinet Priority #4, Dept. of Corrections Priority #2*)

Construct South Wing C & Renovate E Wing and Hall, KY Fair & Exposition Center

(Note: The Board recommends that only the portion of this project which would construct South Wing C be authorized in the 2002-04 budget; the *entire* project has a scope of \$102,000,000.) This project fulfills the KFEC master development plan by creating a trade show/convention complex on the east side that provides both additional and upgraded space for current and future clients. (*Tourism Development Cabinet Priority #5, State Fair Board Priority #1*)

Design/Renovate Phase I State Office Bldg. **\$8,846,000**

(Note: The Board's recommendation for this project is consistent with its support of the Finance and Administration Cabinet's long-range plan for housing state agencies in Franklin County.) This request is for the State Office Building presently housing the Transportation Cabinet. Phase I will include design, some asbestos abatement and the roof replacement. The project is a major renovation of the building, including asbestos abatement. The program calls for the redesign of most employee areas into a more flexible plan. The building's windows will be replaced with more energy efficient units invoking the character of the present windows. The building's HVAC systems will be replaced throughout. The HVAC systems will be supplied by a stand-alone

central utilities plant, which also has the added benefit of providing additional office/storage areas within the current building space. The elevators will be upgraded to meet current ADA standards. (*Finance and Administration Cabinet Priority #8*)

Enterprise Infrastructure Security

\$1,750,000

The Governor's Office for Technology (GOT) provides a suite of security and e-government services to all the cabinets of the Executive Branch, as well as other branches of government. The security services offered by GOT include firewalls and virtual private networking (VPN) services. These products have been successful in restricting networking services to the acceptable usage policies and providing the encrypted tunnels from the client's desktop to the enterprise firewalls. With the evolution of security awareness and the number of security incidents increasing as the technology is maturing, other technologies are required to help provide security enhancements that have been recommended in recent audits by PriceWaterhouseCoopers, Netplex, and the Auditor of Public Accounts (APA). The ability to procure new technologies like Intrusion Detection Platforms (IDS), Public Key Infrastructure (PKI), Directory Services, etc. are essential to GOT's success in protecting resources and delivering secure e-government solutions. (*Governor's Office for Technology – Agency Priority #1; CIO Statewide Ranking – Priority #4*)

Expand Elliott Co. Phase II, 850 Bed Medium Security Prison

\$33,000,000

Expand existing 940 bed medium security facilities for men to 1790 beds. The project will consist of constructing two 400-bed dormitories and expanding minimum security dorms to 50 beds. Cost for additional road development and design are in this scope. Long-range inmate populations projections support the need for this project. (*Justice Cabinet Priority #2; Dept of Corrections Priority #1*)

Expand State Emergency Operations Center

\$5,051,000

The 20,622 SF addition will be designed to support government's response to emergencies and disasters. The new wing to an existing two story building will include office space for the Division of Emergency Management and an operations room to accommodate representatives of state and federal agencies and volunteer organizations. (*Dept of Military Affairs Priority #1*)

Plan/Design Kentucky Public Safety Training Center

(*Note: The Board's recommendation is for planning and design funding only for further development of the coordinated approach, which has already been initiated by the Justice Cabinet, to construct a complex of facilities to address the various justice-related training needs of state and local governments. This approach was not proposed in the Justice Cabinet capital plans, rather separate projects were proposed by the Department of State Police, Department of Juvenile Justice, and the Department of Corrections.*)

Renovate Old Science Building – Northern Kentucky University

\$15,400,000

The existing Science Building, completed in 1974, will be vacant upon completion of the new Natural Science Building. The old Science Building, which contains 125,300 gross square feet,

will be renovated to accommodate three to five academic departments. Design funds for this project were authorized by the 2000 General Assembly. (*University Priority #1*)

Replace Commonwealth's Personnel Payroll System **\$3,400,000**

(*Note: The project budget reflects hardware costs only, and does not include software, development, and implementation costs.*)

The purpose of this project is to replace the Commonwealth's personnel payroll system. The software for the existing system dates from 1982, and the Personnel Cabinet has begun to experience serious problems with its operation. The project is a logical extension of the project "New Personnel Payroll System for State Government" that the General Assembly funded during the 2000 General Session. (*Personnel Cabinet Priority #1; CIO Statewide Ranking - Priority #5*)

Unified Criminal Justice Information System

(*Note: The following three projects were grouped based on the CIO's recommendation.*)

◆ **Unified Criminal Justice Information System (Add'l)** **\$23,203,000**

The Unified Criminal Justice Information System (UCJIS) will allow persons and agencies in the criminal justice system timely access to vital information such as probation and parole conditions, convicted felon status, history of violence, etc. This project was a major recommendation of the Criminal Justice Response Team that concluded its work in December 1997. The project was included in the 1998 Surplus Expenditure Plan at a Phase I cost of \$5 million and was incorporated in the 1998 Crime Bill (House Bill 455). This is also a high priority of the Chief Information Officer of the Commonwealth. When fully implemented, the UCJIS system will be the first of its kind to provide integrated access to all appropriate criminal justice agencies in the Commonwealth. (*Governor's Office for Technology – Agency Priority #2; CIO Statewide Ranking – Priority #1*)

◆ **Develop an MDC, CAD and RMS System for KSP** **\$7,600,000**

Development of an integrated system that will include Mobile Data Computers MDC's), Computer Aided Dispatch (CAD), and a Records Management System (RMS) for the Kentucky State Police. This system is needed to provide the most up-to-date information to law enforcement personnel as quickly as possible in the interest of safety to officers and the public. (*Justice Cabinet Priority #8; KSP Priority #3; CIO Statewide Ranking - Priority #1*)

◆ **Upgrade the IS/RM System** **\$6,000,000**

The Kentucky State Police have in place a basic infrastructure to support the information technology environment mandated in today's world of electronic transfer and transmission of information. Funds are needed to upgrade and maintain this system. Some of the Information System/Records Management (IS/RM) components are 6-7 years old and are at the end of their useful life cycle. Servers, workstations, software, printers, hubs, routers, and switches need to be upgraded during the next two biennia. (*Justice Cabinet Priority #14; KSP Priority #5; CIO Statewide Ranking - Priority #1*)

Judicial Branch

Construct Judicial Center in Adair County

\$8,059,000

The project involves the construction of a two-story facility containing 25,900 gross SF with 100% court occupancy. Land will need to be acquired - approximately 2.0 acres. The Adair County Courthouse was constructed in 1884 and contains approximately 9,800 SF, with the Court of Justice using 4,500 SF. An additional 480 SF is leased for the CDW. The total available space constitutes 30 percent of the space required for court functions. The technology and electrical systems are obsolete and cannot be effectively expanded. The same is true for the mechanical systems. (*Judicial Branch Priority #1*)



PROJECT RECOMMENDATION

Recommendation – Federal Funds

The Board recommends that the 2002-04 budget authorize all projects proposed by state agencies and postsecondary education institutions for which Federal Funds will finance 100% of the cost of the project, with the following exceptions:

- ◆ Projects that will require the expenditure of significant additional state funds for their operation and maintenance, and
- ◆ Projects that will commit the state to fund significant costs to complete the project after the available Federal Funds have been expended.

Recommendation – Restricted Funds

The Board recommends that the 2002-04 budget authorize all projects proposed by state agencies and postsecondary education institutions for which Restricted Funds will finance 100% of the cost of the project, with the following exceptions:

- ◆ Projects that will require the expenditure of significant additional state funds for their operation and maintenance,
- ◆ Projects that will commit the state to fund significant costs to complete the project after the available Restricted Funds have been expended,
- ◆ Restricted Funds should not be authorized for projects to such an extent that agency programs or operations also funded by that source would be jeopardized, and
- ◆ The top priority for the use of Restricted Funds of the postsecondary education institutions should be projects to address life/safety and deferred maintenance needs for which state funds are not provided.

Recommendation – “Other Funds”

The Board recommends that the 2002-04 budget authorize all projects proposed by state agencies and postsecondary education institutions for which “Other Funds” will finance 100% of the cost of the project, with the following exceptions:

- ◆ Projects of the Judicial Branch, other than those listed in the “Projects to be Financed from State Funds” recommendation (Judicial Branch projects use the “Other Funds” fund source category but are largely financed from state funds through use allowance payments to the local governments which construct the facilities),

- ◆ Projects that will require the expenditure of significant additional state funds for their operation and maintenance, and
- ◆ Projects that will commit the state to fund significant costs to complete the project after the available “Other Funds” have been expended.

Recommendation – Road Funds

The Board recommends that the 2002-04 budget authorize all projects proposed by the Transportation Cabinet for which Road Funds will finance 100% of the cost of the project, with the following exceptions:

- ◆ Road Funds should not be authorized for projects to such an extent that agency programs or operations also funded by that source would be jeopardized, and
- ◆ The top priority for the use of these funds should be Transportation Cabinet projects to address life/safety and deferred maintenance needs.



STATUS OF MAJOR STATE-FUNDED PROJECTS

2002-2008 Statewide Capital Improvements Plan

The following pages reflect the status as of September 30, 2001 of construction projects with an authorized scope of at least \$1,000,000 and involving the state General Fund (cash or bonds). Maintenance pools, equipment, or information technology items or systems are not included.

Status of Major State-Funded Projects

(Italics denote projects authorized in 1998-2000; all other projects were authorized in 2000-02 unless otherwise specified.)

<u>Agency/Project</u>	<u>Status</u>	<u>Completion</u>
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Executive Branch

Dept of Veterans Affairs

<i>Veterans Nursing Home – Eastern Kentucky</i>	<i>Substantially complete</i>	<i>11/01</i>
<i>Veterans Nursing Home – Western Kentucky</i>	<i>Substantially complete</i>	<i>12/01</i>
Veterans Cemetery – West Kentucky	Phase A design complete.....	5/03

Dept of Education

KSD Steam Line Replacement.....	Construction underway.....	12/01
KSD Roof Replacements	Construction underway	6/02
KSB Roofing and Weatherproofing	Construction underway.....	6/02
KSD Fire Safety/Dorm Renovation.....	Phase A design underway.....	6/02

Cabinet for Families and Children

L&N Building Elevator Upgrade	Construction underway.....	6/02
Owensboro State Office Bldg – HVAC & Int Renov.....	Phase C design underway	6/02

Cabinet for Health Services

WSH – Construct New Power Plant	Phase C design underway	6/03
CSH - Boiler Replacement/Conversion	Phase A design underway.....	6/03

Finance and Administration Cabinet

<i>New Capitol Complex – Parking Structure Repairs</i>	<i>Complete</i>	<i>7/01</i>
<i>Capital Plaza Complex Repairs</i>	<i>Complete</i>	<i>9/01</i>
<i>Eastern Kentucky Exposition Center</i>	<i>Phase C design underway</i>	<i>6/03</i>
New Transportation Cabinet Office Building	Phase C design underway	9/03
Transportation Building Parking Structure	Phase C design underway	9/03
<i>State Office Building (Winchester)</i>	<i>Phase A design underway</i>	<i>8/02</i>
<i>Red Fox Golf Course</i>	<i>On hold</i>	

KY State Capitol – Historic Restoration

Campus Infrastructure (Chiller Plant relocation).....	Construction underway.....	4/02
Executive Office Building (EOB) – Design	Phase C design underway	2/02
Campus Infrastructure – Design	Phase B & C design underway.....	Varies
Capitol Restoration & Annex Renov/Addition–Design.....	Phase B underway	12/01

<u>Agency/Project</u>	<u>Status</u>	<u>Completion</u>
History Center Area Restoration		
Exterior renovation of Barstow House	Complete.....	2/01
Creation of historic garden space.....	Construction underway.....	4/02
Repair / renovation of the Lt. Governor's mansion	Phase B design underway	9/03
Acquisition/improvement of parking & visitor space ..	Acquisition underway.....	
Justice Cabinet / Dept of Juvenile Justice		
<i>New Maximum Security Facility – Adair Co.....</i>	<i>Complete.....</i>	<i>2/01</i>
<i>Expansion of Breathitt Co. Detention Center</i>	<i>Complete.....</i>	<i>4/01</i>
<i>Secure Juvenile Detention Facility – Warren Co.</i>	<i>Complete.....</i>	<i>10/01</i>
<i>Secure Juvenile Detention Facility – Laurel Co.</i>	<i>Construction underway</i>	<i>3/02</i>
<i>Secure Juvenile Detention Facility – Boyd Co.....</i>	<i>Bid process underway</i>	<i>6/03</i>
<i>Combined Residential/Detention Facility - Hardin Co....</i>	<i>Phase C design underway</i>	<i>5/04</i>
<i>Woodsbend YDC Education Addition.....</i>	<i>Phase B design underway</i>	<i>1/03</i>
<i>Secure Juvenile Detention Facility – Fayette Co.....</i>	<i>Phase A design underway.....</i>	<i>2/04</i>
<i>75-Bed Replacement Facility - Jefferson Co.....</i>	<i>Phase A design underway.....</i>	<i>7/04</i>
Justice Cabinet / Dept of Corrections		
<i>BCC – 200-Bed Minimum Security Dorm</i>	<i>Complete.....</i>	<i>12/00</i>
<i>BCC - Roof Replacement.....</i>	<i>Construction underway.....</i>	<i>3/02</i>
<i>KCIW - Expansion Phase I</i>	<i>Construction underway</i>	<i>2/03</i>
<i>WKCC – 44-Bed Segregation Unit</i>	<i>Phase C design underway</i>	<i>11/02</i>
<i>KSR – New Gas Fired Boiler Plant</i>	<i>Phase C design underway</i>	<i>3/03</i>
<i>KSR – Exterior Stabilization of Administration Bldg....</i>	<i>Phase A design underway.....</i>	<i>10/02</i>
<i>New 895-Bed Medium Security Institution – Elliott Co.....</i>	<i>Contractor Selected*</i>	<i>4/04</i>
<i>*This is being done as a design/build project; thus there are not separate architect/engineer selection and construction contract award processes.</i>		
Justice Cabinet / Dept of State Police		
<i>LaGrange State Police Post.....</i>	<i>Complete.....</i>	<i>7/01</i>
<i>Hazard State Police Post</i>	<i>Construction underway</i>	<i>6/02</i>
Tourism Development Cabinet		
<i>Breaks Interstate Park – Additional Lodge Rooms</i>	<i>Complete.....</i>	<i>4/01</i>
<i>Berea Artisans Center.....</i>	<i>Phase C design underway.....</i>	<i>5/03</i>
Tourism Development / KY Horse Park		
<i>Water Line Extension</i>	<i>Complete.....</i>	<i>4/01</i>
<i>Infrastructure Development.....</i>	<i>Site selection/acq underway.....</i>	<i>12/02</i>
Tourism Development / Department of Parks		
<i>Greenbo Lake – Wastewater Plant.....</i>	<i>Complete.....</i>	<i>12/00</i>

<u>Agency/Project</u>	<u>Status</u>	<u>Completion</u>
<i>Buckhorn – New Conference Room.....</i>	<i>Complete.....</i>	<i>4/01</i>
<i>Nolin Lake – Campground/Infrastructure</i>	<i>Complete.....</i>	<i>6/01</i>
<i>Paintsville Lake – Campground.....</i>	<i>Complete.....</i>	<i>6/01</i>
<i>My Old Kentucky Home – Golf Course Development.....</i>	<i>Construction underway</i>	<i>5/02</i>
<i>KY Dam Village - Marina Repair.....</i>	<i>Construction underway</i>	<i>6/02</i>
<i>Jefferson Davis - Monument Repair.....</i>	<i>Construction underway</i>	<i>6/02</i>
<i>Dale Hollow – Golf Course & Clubhouse</i>	<i>Construction underway</i>	<i>6/03</i>
<i>Grayson Lake - Golf Course Development</i>	<i>Construction underway</i>	<i>6/03</i>
<i>Mineral Mound – Golf Course Development.....</i>	<i>Construction underway</i>	<i>6/03</i>
<i>Pennyryle Forest – Golf Course Development</i>	<i>Construction underway</i>	<i>6/03</i>
<i>Dale Hollow – Conference Facility.....</i>	<i>Bid process underway</i>	<i>10/02</i>
<i>Yatesville Lake - Golf Course Development</i>	<i>Bid process underway</i>	<i>6/03</i>
<i>Kincaid Lake – Golf Course/Park Improvements.....</i>	<i>Phase C design underway.....</i>	<i>6/03</i>
<i>Big Bone Lick – Museum Expansion</i>	<i>Phase A underway.....</i>	<i>3/03</i>

Eastern Kentucky University

<i>Student Service/Classroom Building</i>	<i>Construction underway</i>	<i>5/02</i>
<i>Southeast Reg'l Postsec Educ Center (Corbin).....</i>	<i>Phase C design underway.....</i>	<i>10/03</i>
<i>Business and Technology Building</i>	<i>Phase A design underway.....</i>	<i>1/04</i>
<i>Health Educ /University Activity Center, Phase I.....</i>	<i>Site selection/acq underway.....</i>	<i>1/04</i>

KY Community and Technical College System

<i>Paducah CC Library Renovation</i>	<i>Complete.....</i>	<i>1/01</i>
<i>Madisonville CC Science/Technical Classroom Bldg.....</i>	<i>Complete.....</i>	<i>5/01</i>
<i>Muhlenberg County Campus of Madisonville CC</i>	<i>Complete.....</i>	<i>6/01</i>
<i>Elizabethtown CC Science Building Renovation.....</i>	<i>Complete.....</i>	<i>8/01</i>
<i>Central Reg'l Postsec Educ Center, Ph I (Elizabethtown)....</i>	<i>Construction underway</i>	<i>11/01</i>
<i>Danville Regional Technology Center, Phase I.....</i>	<i>Construction underway</i>	<i>11/01</i>
<i>Shelby Co. Campus & Jefferson CC Extension.....</i>	<i>Construction underway</i>	<i>4/02</i>
<i>Southeast Regional Postsec Educ Center (London)</i>	<i>Construction underway</i>	<i>5/02</i>
<i>Maysville CC Extension Campus – Cynthiana.....</i>	<i>Construction underway</i>	<i>6/02</i>
<i>Hazard CC Classroom Bldg, Phase II.....</i>	<i>Construction underway</i>	<i>7/02</i>
<i>Somerset Academic Support/Tech Educ Complex.....</i>	<i>Construction underway</i>	<i>7/02</i>
<i>Prestonsburg CC Student Services & Health Ed Bld*</i>	<i>Construction underway.....</i>	<i>11/02</i>
<i>Maysville New Technology Center</i>	<i>Construction underway</i>	<i>12/02</i>
<i>Southeast CC – Newman Hall Renovation</i>	<i>Phase C design underway</i>	<i>8/02</i>
<i>Northeast Reg'l Postsec Educ Center (Prestonsburg)....</i>	<i>Phase C design underway.....</i>	<i>4/03</i>
<i>East Kentucky Center for Science, Math & Technology.....</i>	<i>Phase C design underway.....</i>	<i>4/03</i>
<i>Jefferson CC: Renovations of Downtown Campus</i>	<i>Phase B design underway</i>	<i>8/02</i>
<i>McCreary County/Somerset CC Community Center</i>	<i>Phase B design underway</i>	<i>12/02</i>

<u>Agency/Project</u>	<u>Status</u>	<u>Completion</u>
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Cumberland TC, Harlan Campus, Renovate Bldg 1.....	Phase B design underway	1/03
Hindman Branch of Hazard CC.....	Phase B design underway.....	1/03
KY Tech College of Arts and Crafts	Phase B design underway	3/03
South Central Regional Postsecondary Educ Center	Phase B design underway.....	5/03
Belinda Mason Academic/Technical Bldg	Phase B design underway.....	5/03
Mayo Technical College: Campus Renovation	Phase B design underway	5/03
Knott Co. KCTCS Parking	Phase A design underway.....	12/02
Ashland TC: Original Campus Renovation**	Phase A design underway.....	5/03
Northern KY Community & Technical College, Phase I... ..	Phase A design underway.....	8/03

*1996-98 authorization

**Changed to be Phase I of relocating the existing Ashland TC to a new industrial development.

Kentucky State University

Hill Student Center Renovation/Addition	Bid process underway	3/03
Carver Hall Renovation	Phase B design underway	8/03
Hathaway Hall Renovation	Phase A design underway.....	4/03

Morehead State University

West Liberty Extended Campus Building.....	Construction underway	12/01
Breckinridge Hall Renovation.....	Construction underway	1/02
Student Center Renovation & Addition, Phase I.....	Phase B design underway	1/04

Murray State University

Carr Health/Business Bldg Renov/Educ Bldg Addition....	Construction underway	11/01
West Reg'l Postsecondary Educ Center (Hopkinsville)....	Construction underway	4/02
New Science Building.....	Phase A design underway.....	11/03

Northern Kentucky University

Natural Science Building	Construction underway	5/02
New Power Plant	Phase B design underway	2/04

University of Kentucky

Coldstream Research Campus Infrastructure.....	Complete.....	8/00
Coldstream Research Building.....	Complete.....	9/00
Mechanical Engineering Building.....	Construction underway	5/02
Aging/Allied Health Building, Phase II	Construction underway	7/02
Center for Rural Health (Hazard)	Phase A design underway.....	6/03
Biomedical Sciences Research Building.....	Phase A design underway.....	5/04

University of Louisville

Research Building (Health Science Campus)	Construction underway	12/02
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<u>Agency/Project</u>	<u>Status</u>	<u>Completion</u>
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Research Building (Belknap Campus).....	Phase A design underway.....	12/03
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Western Kentucky University

<i>South Reg'l Postsec Educ Center, Ph I (Glasgow).....</i>	<i>Construction underway</i>	<i>11/01</i>
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<i>Postsecondary Educ Improvement Act of 1997 Facility.....</i>	<i>Construction underway</i>	<i>5/02</i>
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Science Complex Renovation and Expansion.....	Phase B design underway	3/04
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Judicial Branch

<i>Lyon County.....</i>	<i>Complete.....</i>	<i>7/00</i>
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<i>Lewis County.....</i>	<i>Complete.....</i>	<i>6/01</i>
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<i>McCreary County.....</i>	<i>Complete.....</i>	<i>6/01</i>
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<i>Bourbon County.....</i>	<i>Construction underway</i>	<i>11/01</i>
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<i>Fayette County.....</i>	<i>Construction underway</i>	<i>12/01</i>
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<i>Henderson County.....</i>	<i>Construction underway</i>	<i>12/01</i>
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<i>Bell County.....</i>	<i>Construction underway</i>	<i>3/02</i>
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<i>Marshall County.....</i>	<i>Construction underway</i>	<i>3/02</i>
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<i>McLean County.....</i>	<i>Construction underway</i>	<i>3/02</i>
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<i>Christian County.....</i>	<i>Construction underway</i>	<i>4/02</i>
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<i>Harrison County.....</i>	<i>Construction underway</i>	<i>6/02</i>
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<i>Metcalf County.....</i>	<i>Construction underway.....</i>	<i>7/02</i>
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<i>Boone County.....</i>	<i>Construction underway</i>	<i>11/02</i>
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<i>Webster County.....</i>	<i>Phase C design complete.....</i>	<i>12/02</i>
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<i>Knott County.....</i>	<i>Phase C design underway</i>	<i>11/02</i>
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<i>Harlan County.....</i>	<i>Phase C design underway.....</i>	<i>3/03</i>
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<i>Nelson County.....</i>	<i>Phase C design underway</i>	<i>7/03</i>
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<i>Cumberland County.....</i>	<i>Phase B design complete.....</i>	<i>3/03</i>
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<i>Simpson County.....</i>	<i>Phase B design complete.....</i>	<i>5/03</i>
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<i>Bullitt County.....</i>	<i>Phase B design underway</i>	<i>1/03</i>
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<i>Carter County.....</i>	<i>Phase B design underway</i>	<i>3/03</i>
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<i>Clay County.....</i>	<i>Phase B design underway</i>	<i>3/03</i>
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<i>Johnson County.....</i>	<i>Phase B design underway</i>	<i>3/03</i>
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<i>Magoffin County.....</i>	<i>Phase B design underway</i>	<i>3/03</i>
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<i>Perry County.....</i>	<i>Phase B design underway</i>	<i>5/03</i>
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<i>Wayne County.....</i>	<i>Phase B design underway</i>	<i>5/03</i>
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<i>Breathitt County.....</i>	<i>Phase A design complete.....</i>	<i>5/03</i>
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<i>Muhlenberg County.....</i>	<i>Phase A design underway.....</i>	<i>1/03</i>
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COMPREHENSIVE LISTING OF PROPOSED PROJECTS

2002-2008 Statewide Capital Improvements Plan

Following are listings of all capital construction projects, capital equipment items and systems, and information technology items and systems proposed for 2002-04, 2004-06, and 2006-08 submitted by the agencies and postsecondary institutions to the Capital Planning Advisory Board, as of October 1, 2001 (the deadline for amendments to the 2002-2008 capital plans).

There are two sets of project listings. The first listing is of *Projects Involving the General Fund (Cash/Bond) or Road Fund*. These projects are listed in priority order for 2002-04 and in alphabetical order for 2004-06 and 2006-08. The second listing is of *Projects NOT Involving the General Fund or Road Fund*; these projects are listed in alphabetical order for all three biennia.

A glossary of the Project Category and Fund Source codes is also included.

These listings are available from the office of the Capital Planning Advisory Board at 502.564.8100 or cpab@lrc.state.ky.us.

Proposed Projects

Contents

<u>Branch/Cabinet/Agency</u>	<u>Projects Involving the General Fund or Road Fund</u>	<u>Projects NOT Involving the General Fund or Road Fund</u>
General Government / Other		
Department of Agriculture	69	160
Department for Local Government	70	N/A
Department of Military Affairs	71	161
Department of Veterans Affairs	73	N/A
Office of the Chief Information Officer	74	162
Kentucky Higher Education Assistance Authority	N/A	163
Kentucky Infrastructure Authority	75	N/A
Kentucky Lottery Corporation	N/A	164
Kentucky River Authority	N/A	165
School Facilities Construction Commission	77	N/A
State Treasurer	78	N/A
Economic Development Cabinet	79	N/A
Education, Arts & Humanities Cabinet	80	N/A
Kentucky Center for the Arts	82	N/A
Kentucky Department for Libraries and Archives	83	N/A
Kentucky Educational Television	84	N/A
Kentucky Historical Society	85	N/A
Department of Education	86	N/A
Families and Children Cabinet	88	N/A
Finance and Administration Cabinet	89	166
Health Services Cabinet	92	N/A
Justice Cabinet	95	N/A
Department of Corrections	99	167
Department of Criminal Justice Training	N/A	168
Department of Juvenile Justice	102	169
Department of State Police	104	N/A
Natural Resources & Environmental Protection Cabinet	106	170

<u>Branch/Cabinet/Agency</u>	<u>Projects Involving the General Fund or Road Fund</u>	<u>Projects NOT Involving the General Fund or Road Fund</u>
Personnel Cabinet	107	N/A
Postsecondary Education		
Council on Postsecondary Education	108	N/A
Eastern Kentucky University	109	171
KY Community and Technical College System	111	172
Kentucky State University	117	173
Morehead State University	119	174
Murray State University	122	176
Northern Kentucky University	126	179
University of Kentucky	128	181
UK Hospital	N/A	191
University of Louisville	134	199
Western Kentucky University	137	203
Revenue Cabinet	140	N/A
Tourism Development Cabinet	141	N/A
Department of Fish and Wildlife Resources	N/A	204
Department of Parks	147	N/A
Kentucky Horse Park	152	N/A
Kentucky State Fair Board	153	205
Transportation Cabinet	154	N/A
Workforce Development Cabinet	157	206
Judicial Branch	N/A	207
Legislative Branch	159	N/A



APPENDICES

2002-2008 Statewide Capital Improvements Plan

- A KRS Chapter 7A**
- B Policy Recommendations from Previous Statewide Capital Improvements Plans**
- C Report of the Office of the Chief Information Officer**
- D Report of the Council on Postsecondary Education**

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